Arizona Labor Force and Employment for Economic Assistance Programs February 1989

County	Civilian Labor Force	Employment	Unemployment	Rate
Statewide	1,684,907	1,586,178	98,729	5.9%
Apache	15,275	12,768	2,507	16.4
Cochise	34,993	32,253	2,740	7.8
Coconino	42,838	39,064	3,774	8.8
Gila	12,662	11,136	1,526	12.1
Graham	8,402	7,659	743	8.8
Greenlee	2,971	2,726	245	8.2
La Paz	5,465	4,971	494	9.0
Maricopa	1,043,000	992,671	50,329	4.8
Mohave	32,157	30,284	1,873	5.8
Navajo	26,643	22,979	3,664	13.8
Pima	319,017	302,882	16,135	5.1
Pinal	39,273	36,182	3,091	7.9
Santa Cruz	10,714	9,535	1,179	11.0
Yavapai	37,311	34,791	2,520	6.8
Yuma	54,185	46,276	7,909	14.6

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators.

NOTE: Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

The Arizona Labor Force in February

(Continued from page 9)

while 4,600 is normal. Hotels picked up only half the average seasonal gain of 1,000.

Business services and health services posted normal seasonal gains (1,200 and 400), but "other services" -- which includes the following categories: personal, repair, legal, recreational, and educational -- only added 1,700, a less-than-seasonal amount.

Government, as well as Transportation, Communications, and Public Utilities (TCPU), had normal seasonal February increases. TCPU added 500 jobs, more than half its January loss, while Government added back all but 100 of the 11,900 it had lost in January. (Government gains primarily reflect spring semester school employment gains after the Christmas recess.) TCPU, however, may be slow in recovering the additional 400 jobs lost in January, given Salt River Project's announcement of an impending layoff of 1,000.

In summary, February was a reasonably positive month -- despite a more-than -seasonal gain in unemployment -- with employment gains in all industries except Construction .

-- Ron Simon

BLS Articles Focus on Temporary Work Force

The temporary work force earned an average of $6.42 an hour in September 1987 with the pay for individual "temps" ranging from $3.35 an hour to $20 an hour or more, according to a recent study of pay and benefits of temporary workers.

The study, in the March issue of *Monthly Labor Review*, also says that because of their intermittent work schedules, temporaries often have more difficulty than full-time permanent staff in meeting eligibility requirements for benefits related to length of service. The *Monthly Labor Review* is published by the U.S. Bureau of Labor Statistics.

The BLS study covers average hourly earnings, plus the number of temporary workers in temporary help supply establishments, selected occupational categories, and selected large metropolitan areas.

In addition to the study, a separate article in the March *Monthly Labor Review* discusses corporations' shift toward using more temporary help.

The story's author, Richard S. Belous, vice president and senior economist for the National Planning Association, says that the dramatic increase of workers who do not have strong ties to their employers, such as temporary workers and consultants, has caused corporations to make major institutional changes in their human resource systems; the net result has created benefits as well as costs.

The *Monthly Labor Review* is sold by the U.S. Government Printing Office, Washington, D.C. 20402, for $20 a year; single copies are $5 apiece. Make checks payable to the Superintendent of Documents.

More information is available on the temporary work force in Arizona in the February 1988 issue of the Arizona LMI Newsletter.

Illegal Aliens Eligible for Minimum Wage

The U.S. Supreme Court has refused to review a federal appeals court decision that says illegal aliens are entitled to protection under the minimum wage laws.

The high court denied certiorari in *Patel vs. Quality Inn South*, where the U.S. Court of Appeals for the 11th Circuit held that aliens are entitled to receive the federal minimum wage whether or not they are in the United States legally.

The case involved an illegal alien, Rajni Patel, who sued the Quality Inn South of Birmingham, Ala., under the Fair Labor Standards Act (FLSA), saying the hotel paid him a sub-minimum wage.

In June 1987, the U.S. District Court for Northern Alabama ruled in favor of the motel, finding that passage of the Immigration Reform and Control Act of 1986 could be construed to deny certain law protections to illegal aliens. But the U.S. Appeals Court overturned the lower court decision in June 1988, finding that the FLSA covers all employees, with few exceptions. Illegal aliens are not one of

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those exceptions, the appeals court ruled.

The Supreme Court agreed, citing a 1984 ruling in *Sure-Tan vs. NLRB*, in which the court held that the National Labor Relations Act (NLRA) covers illegal aliens. Since the NLRA and FLSA are similar laws, the high court said illegal aliens are covered under FLSA.

The FLSA helps neutralize "the most attractive feature of illegal workers -- their willingness to work for less than minimum wage," the court said.

New Developments

"New Developments" is featured each month as a service to our readers. This section is a compilation of public announcements and articles from newspapers and periodicals about events significant to Arizona labor markets. Due to space limitations, however, an exhaustive list of business news is not possible. In addition, the LMI Newsletter is not responsible for incorrect information reported from these sources.

MANUFACTURING - In early March, **Imagineering Systems Corp**. of Irving, Texas, made it official when it announced it would operate an aircraft maintenance, modification and customer service facility at Tucson International Airport (see "New Developments," *Arizona LMI Newsletter*, March 1988). Imagineering, which will operate in 13 buildings previously used by Learjet Corp., expects to hire 200 technical and skilled workers initially with a potential to employ 1,000 people within three years.

March brought other good news for Tucson's manufacturing sector. **3M Corp**. announced it would take over from International Business Machines (IBM) production of magnetic tape cartridges used on the IBM 3480 Magnetic Tape Subsystem. 3M, which will hire 120 workers locally, becomes the first company to buy or lease a part of IBM's Rita Road manufacturing facility. IBM, which is moving 2,800 jobs from Tucson to other locations, will also manufacture the tape, but at its San Jose, Calif., facility. Meanwhile, **IBM** says it will transfer by mid-year 100 employees from its Boulder, Colo., plant, which is involved in development of system printer hardware. The workers will occupy part of the research and development section of the IBM plant, where 2,200 employees will be left at the end of 1989 when IBM phases out its manufacturing operation.

"Reduced missile production quantities and the need for more efficiency in light of tight competition" led **Hughes Aircraft** in Tucson to lay off 248 workers in the past month, the company says. In mid-March, Hughes let go 100 salaried workers; in early April, 148 hourly-paid assembly and maintenance hourly-paid assembly and maintenance employees. Employment at Hughes is now about 6,200.

Hamilton Aviation, which maintains and modifies commercial aircraft, says it will increase employment by 380 by 1991, bringing total employment to 500. Located at Tucson International Airport, Hamilton expects additional work due to recent federal action requiring airlines to upgrade their aging fleets.

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Work has begun on a 280,000-square-foot facility in Chandler that will house **Space Data Corp**. The high-tech company, which currently employs 350 workers in Tempe, plans to produce the Pegasus rocket at the plant, which could eventually employ up to 2,500 workers. The Pegasus is designed to put satellites into orbit.

Ironite Products, in Humboldt, has increased employment by 49 with the opening of a 200,000-square-foot production facility. With the new plant, Ironite is capable of increasing its manufacturing of fertilizer from 20 to 600 tons a day.

McDonnell Douglas Corp. is studying the possibility of building a manufacturing plant on 640 acres near the Yuma International Airport. The St. Louis-based aerospace company recently completed a feasibility study and a master plan for the 640 acres. No decision on building a plant, however, has been made at this point, a company official says. McDonnell Douglas already runs a flight-development facility near the airport and has announced plans to add 200 temporary jobs to support testing of the MD-11 jetliner. The McDonnell Douglas official says it is not presently planning to move its manufacturing plant in Long Beach, Calif., to Yuma.

Kamar Corp. of Derry, N.H., has signed a letter of intent to buy **Optifab Inc**. of Tempe, which designs and manufactures aerospace interconnect systems. Optifab, which moved into a new 55,000-square-foot building at 1000 S. Priest last year, had $6 million in sales in 1988. None of the 120 employees are expected to be laid off, a Kamar official said.

TRADE - The closing of four **Federated** electronics stores in Phoenix (2), Tucson (1) and Mesa (1) laid off about 80 employees in early April. Federated's only other store in the state, on west Thunderbird Road inPhoenix, will remain open to service clients. The closures, due to poor performance and lack of retail management, reverse the Sunnyvale, Calif., company's plans to expand in Arizona, announced in December. Eleven stores in California and Texas are also being shut down.

Broadway-Southwest says it plans to open three additional stores in the metropolitan Phoenix area by 1992. New outlets are planned for the Paradise Valley Mall (1991), Superstition Springs Mall in Mesa (1991) and an unnamed location in Phoenix (1992). In addition, Broadway Southwest, owned by Carter-Hawley Hale Stores Inc., will remodel its existing five stores in Phoenix and two in Tucson.

Construction is under way on the $55 million **Superstition Springs Center**, at Power Road and the Superstition Freeway in Mesa. The 1.6 million-square-foot project, which will feature several major retailers and 125 stores that will employ 300 people, is expected to open in late 1990.

Sears, Roebuck and Co. is closing 24 regional administrative offices, including its Phoenix operation, as part of a national reorganization. About 70 workers at the Colonnade Mall will be offered a salary continuation package and early retirement (for those eligible). Sears says it will attempt to relocate laid off employees within the organization.

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A.J. Bayless Markets Inc. has given up plans to reopen the chain's 10 stores. Bayless had been operating under Chapter 11 protection of the Bankruptcy Act since February 1988. The 59-year-old company says it plans to sell the grocery chain instead of liquidating its assets.

Two national retail chains have announced plans to expand in rural areas of the state. **K Mart** will open a store in Green Valley (20 miles south of Tucson) next year, the company says. The 86,000-square-foot store will be located at Duval Mine Road near Interstate 19. Meanwhile, a **Wal-Mart** store is planned to open in Yuma early next year, creating 245 jobs. Wal-Mart's seventh store in Arizona will be located across from the Yuma County Fairgrounds.

Honda of Tempe and **Jack Ross Lincoln-Mercury** will open automobile dealerships in **Autoplex**, an auto mall development at Interstate 10 and Elliot Road in Tempe. SunCor Development Co., a subsidiary of Pinnacle West Corp., is developing the 145-acre Autoplex, which will feature space for 15 to 20 dealerships ranging in size from 2 to 20 acres.

FINANCE, INSURANCE and REAL ESTATE - Wells Fargo & Co. is eliminating its mortgage-lending subsidiary, **Wells Fargo Credit Corp.**, and with it 240 jobs in Scottsdale. The San Francisco-based Wells Fargo will terminate operations in May and transfer the loan portfolio to the parent company.

Building permits in Arizona dropped 10 percent in value in 1988, reports the Arizona Real Estate Center and Arizona State University's Center for Business Research. Building permits in the state totaled $4.6 billion in 1988, compared to $5.1 billion in 1987. In the state's major metropolitan areas, value of building permits sustained higher drops. Building permit value in Maricopa County (metropolitan Phoenix) fell 11 percent to $3.41 billion, and in Pima County (metropolitan Tucson), they dropped 22 percent to $464 million.

TRANSPORTATION, COMMUNICATIONS, AND PUBLIC UTILITIES - **Salt River Project** (SRP) is considering laying off up to 20 percent of its work force. The state's second largest utility announced in mid-March that a private consulting company is working on a plan that could lead to the elimination of as many as 1,000 jobs through early retirement, not filling positions, and layoffs. Management jobs are thought to be the primary target of the plan. Arizona Public Service, the state's largest utility, eliminated 922 positions in April 1988. A final decision by SRP is expected in May.

Executone Information Systems Inc. has chosen Scottsdale for location of its second national service center. The center, which will provide 24-hour service coverage to Executone's 125,000 customers, will employ 50 people, bringing the Darien, Conn., company's total Valley employment to 300.

Sprint Services plans to build a $5.5 million operator-services center in Tempe. Operations are expected to begin in October, with about 150 employees, then increase to 500 workers by 1992. Sprint Services, a subsidiary of United Telecommunications Inc., will provide operator

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services for long-distance carrier US Sprint.

Phoenix-based **StatesWest Airlines** announced it will begin non-stop flights between Scottsdale Airport and Orange County, Calif., beginning in June. StatesWest, targeting primarily business travelers, will offer two daily round-trip flights Monday through Friday. StatesWest's flights, the first commercial flights to operate out of Scottsdale Airport, will be on 19-seat Beech 1900 aircraft.

Swift Transportation Co. Inc. of Phoenix has announced its intention to expand its facilities in three states and its college-based driver-training program at Rio Salado Community College. One of the largest privately held trucking firms in the United States, Swift says it will hire an additional 450 drivers this year -- a 40 percent increase in its staff -- and double the size of its Phoenix headquarters on West Mojave Street.

SERVICES AND MISCELLANEOUS - The Tucson economy received a welcome boost from **First Data Resources**, which plans to open a telecommunications-operator center by summer. First Data, a subsidiary of American Express Co. located in Omaha, Neb., will hire about 850 employees to offer a variety of telemarketing services, including processing bank credit cards. First Data's annual payroll in Tucson will be approximately $7 million.

The **Phoenix Airport Hilton**, which has 255 rooms, opened in March. Located at 2435 S. 47th St., near University Drive, the hotel is catering to the business traveler with features such as 11,000 square feet of meeting space and rooms equipped with computer ports.

MINING -- The **McCabe Gold Mine** in Humboldt has closed, eliminating 81 jobs. The operation will remain shutdown until additional capital can be found to implement a less costly mining technique, says the mine's backers, the Stan West Corp.

GENERAL -- Job prospects in the Phoenix area have been and will continue to be unfavorable, according to two national organizations. In 1988, Phoenix ranked between 80 and 100 in job growth, compared to a rank of 18 in 1987, says **MFP Research** of Dallas, which analyzes emmloyment trends. Phoenix had net job growth of 6,400 in 1988, compared to 28,000 in 1987, a drop of 77 percent, says MFP. Meanwhile, the *Employment Outlook Survey*, a quarterly survey from **Manpower Inc.**, says jobs openings in the Valley will stay about the same during the second quarter. The survey says 23 percent of Phoenix employers will expand their staff, 10 percent will reduce staff, and 67 percent will stay the same. Manpower Inc. is reportedly the largest temporary help service in the country.

Tourism revenue in Arizona dropped $1 billion in 1988 compared to 1987 levels, although the Tucson area showed a slight increase, according to data released by the **Metropolitan Tucson Convention and Visitors Bureau.** Statewide, 16.4 million people visited the state in 1988, the figures showed, spending $5.19 billion, compared to revenues of $6.2 billion the year before. Tourism revenue in Tucson increased from $1.5 to $1.6 billion over the year.

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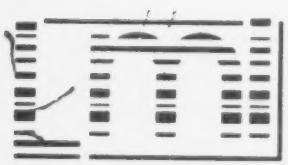

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ARIZONA LABOR MARKET INFORMATION NEWSLETTER

Vol. XIII No. 5
May 1989

Unemployment Rate

Seasonally Adjusted
March*

ARIZONA	-	5.6%
Maricopa County	-	4.6%
Pima County	-	4.6%
UNITED STATES	-	5.1%

Consumer Price Index

U.S. - March 1989
Base = 1982-84

Wage Earner/Clerical Worker	-	120.8
% Chg. Year Ago	-	4.9
All Urban	-	122.3
% Chg. Year Ago	-	5.0

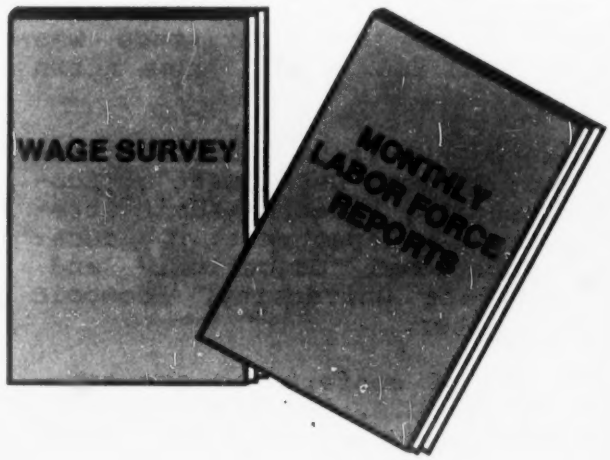
Phoenix - 1st Qtr 1988
Base = 1982-84

All Urban	-	123.7
% Chg. Year Ago	-	5.4

Tucson - 1st Qtr 1989
Base = 1982-84

All Urban	-	125.2
% Chg. Year Ago	-	3.6

* Preliminary



LMI DATA

— What Lies Ahead? P.2

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Arizona Department of Economic Security
— Moving People Toward Self-Sufficiency

Conference Focuses on Role, Future of LMI Programs

In mid-April, Arizona representatives attended the fourth in a national series of regional Labor Market Information (LMI) conferences. The Western Region conference was held in Tiburon, Calif., just north of San Francisco.

Represented Arizona institutions included: Arizona Department of Economic Security, Research Administration; Arizona Department of Education, Vocational Education; and Arizona State University, Economic Outlook Center.

The series of conferences are sponsored by the U.S. Department of Labor's Employment and Training Administration (ETA), and the Northeast Midwest Institute (NMI) to provide guidance for LMI programs and ascertain if ETA should still have a role in LMI's administration.

Before the Job Training Partnership Act (JTPA) was instituted in late 1983, ETA directed the LMI program. Since then, the U.S. Bureau of Labor Statistics (BLS) has had primary authority for determining the program's content. The Northeast Midwest Institute is a research consulting firm (think tank) created by Congress in the late '70s to do joint research for states in economically depressed regions of the country, referred to as the Rustbelt.

LMI's Role in Policy-Making

Paula Duggin, Northeast Midwest Institute's senior policy analyst, gave the institute's view of LMI in its current form, and how it should be used by Congress.

LMI statistics, Duggin said, enable Congress to understand the nature of employment problems and to allocate federal funds by formula to states and localities in need. But with respect to programs such as JTPA, LMI operates on many levels: as a necessary *precondition* for identifying and defining an issue; as a *vehicle* for implementing congressional policy of targeting funds to a problem; as a part of the *service* delivered; and as a *monitoring device* for Congress to judge the success of legislation.

Unfortunately, Duggin contended, the LMI system is too often taken for granted, and too seldom well explained. In NMI's publication, "Labor Market Information: An Agenda for Congress," written by Duggin and David Stevens, it's suggested that LMI needs to be reviewed by Congress from time to time to determine if the data needed for assessing current problems are being collected.

Maxe Lowe, associate commissioner of higher education, Utah Department of Education, gave a postsecondary school system's view of LMI's success in assisting policy-making.

Lowe said that from his state's experience he recognizes LMI's potential value for targeting limited educational resources for training programs in high-demand occupations. That's because, he said, Utah's high birth rate has increased demand for training services at a time when re-

(Continued on page 3)

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(Continued from page 2)
sources are dwindling for educational programs.

Utah's efforts to live within its budget have resulted in college program cuts. LMI, Lowe said, helped him ward off lawsuits by tenured faculty, because he was able to show that programs being cut were not related to high-demand occupations.

Lowe also discussed one situation he faced that might have been avoided if the availability of LMI data were more widely known. He said a group representing Utah's aerospace industry produced a study contending Utah would need 20,000 additional technical workers -- including 1,500 machinists -- in a few years. Since Utah's higher education institutions were ill-equipped to train more than 150 machinists a year, the industry's projected demand would put a strain on the state's training system.

But for the same period, *Utah Job Outlook*, the local LMI supply/demand report, was forecasting much lower growth of machinists. Investigation into the methods of each study supported LMI's projection.

In the end, Utah higher education was saved from implementing a crash program to accelerate the training of machinists. Had the aerospace group known of LMI's forecast before producing its own, the group might have saved itself some embarrassment, and Utah higher education some grief. Lowe's advice to producers of LMI: "Don't keep your light under a bushel."

What is Known, Unknown About Labor Markets

A panel consisting of university professors from the West and an economic consultant discussed the economic conditions of states in the Western Region. The panel, moderated by Sam Hirabayashi, BLS Western

Region commissioner, made its assessments using unemployment statistics, population and employment growth forecasts, state employment rankings, and commercially produced business-failure statistics.

The presentations demonstrated how existing LMI data can aid economic analysis. Two panelists, however, pointed out deficiencies in the LMI information for making clear analyses.

Paul Sommers, research director for Northwest policy, University of Washington, said linkages between the service sector and goods-producing sector cannot be determined with LMI data. As a result, Sommers said Washington is unable to predict the total fallout from its shrinking lumber and wood products, and fishing industri s.

Lee McPheters, director of the Arizona State University, Economic Outlook Center, said he finds it hard

(Continued on page 4)